1906 - 14 THE NEW LIBERALISM

*We will draw a line below which we will not allow people to live and labour* – Lloyd George

1987 National Insurance Maternity Grant replaced by 1985 Norman Fowler’s Social Security Review

1977-79 Tax-free Child Benefit phased in

1976 One-Parent Benefit introduced

1975 Social Security Pensions Act

1906 School Meals Act

1980 Old Age Pensions Act: means-tested pensions from 16-17 year olds

1905 The People’s Budget: super tax and child allowances introduced

1974 National Insurance Act: sickness insurance and unemployment insurance of 7 shillings (35p) per week

1915 - 41 CHANGE AND DEVELOPMENT

In all this change and development, each problem has been dealt with separately, without reference to allied problems – Beveridge Report

1980 - 90 A ‘BEVERIDGE’ WELFARE STATE

‘It is, first and foremost, a plan of insurance – of giving in return for contributions a minimum standard of living, an absolute right and without means test, so that individuals may build freely upon it’ – Beveridge Report

1942 Sir William Beveridge, Report on Social Insurance and Allied Services: a comprehensive plan for contributory and means-tested benefits

1945 National Insurance Act: £0.25/week for each child after the first

1954 National Insurance (Gil) Act: flat-rate NI benefits

1948 National Assistance Act: Poor Law abolished; means-tested National Assistance established

1978 Richard Titmuss, Memorandum Lecture on the Social Division of Welfare: ‘The tax saving that accrues to the individual through income tax allowances is immense’

1959 National Insurance Act: graduated pensions introduced

1961 Poverty ‘rediscovered’: The Poor and the Poorest publicised, and its Able-Smith and Peter Townsend form the Child Poverty Action Group (CPAG)

1975 Supplementary Benefit replaces National Assistance. Rate rebates introduced

1971 National Insurance Invalidity Benefit introduced. Family Income Supplement (FIS) introduced (and with it the poverty trap)

1972 Heath Government’s Proposals for a Tax Credit scheme: Tax Credits – a Conservative policy. First national scheme of Rent Rebates.

1973 Social Security Pensions Act: State Earnings-Related Pensions (SERPS) and National Insurance Contributions introduced at 5.75%

1980 One-Parent Benefit introduced

1978 Baby Benefit introduced. Family Credit and Reform of Direct Taxation includes a chapter on Social Dividend.

1977-35 FIS phased in, for every child, replacing taxable Family Allowance and Child Tax Allowances

1980 - 90 A RESIDUAL WELFARE STATE

*We offered a complete change in direction* – Margaret Thatcher

1980 Social Security Acts 1 and 2: Pension upratings linked to prices instead of earnings


1984 Basic Income Research Group formed

1985 Norman Fowler’s Review


1987 National Insurance Maternity Grant replaced by Statutory Maternity Pay

1988 Supplementary Benefit replaced by the less flexible income Support

1992 Social Security Act introduces ‘actively seeking work’ test

1990 Liberal Democrats vote for Citizen’s Basic Income. Independent taxation of husbands and wives introduced, but with married couples being one unit for benefits

1991 - 96 CUTS AND TINKERING

‘The changes I have announced today will help shift the balance back to a benefit system that does not discriminate against married couples, and which aims to reduce benefit dependency by helping people to work’ – Peter Lilley


1993 Sector by sector review of social security.

1994 Welfare to work transition into paid work and encourage full-time work. Introduction of Child Care Allowance for certain parents claiming Family Credit.


1996 Jobseeker’s Allowance (JSA) replaces Unemployment Benefit. NI Contributions have now been introduced. Work-related benefits for the under-16s.

1997 - 2008 NEW LABOUR

‘In future, welfare will be a hand-up not a hand-out’ – Tony Blair

1999 Family Credit replaced by Working Families Tax Credit (WFTC). Increases in Child Tax Credit (CTC). Non-means-tested Winter Fuel Allowance for those over 60 introduced.


2001 Children’s Tax Credit introduced – a tax allowance for those with children. Bereavement benefits reformed to include widows. Abolition of Severe Disablement Allowance for new claimants

2002 State Second Pension replaces SERPS. Carers and those on incapacity benefit to receive benefit

2003 Child Tax Credit and Working Tax Credit (WTC) replace WFTC, DPTC and Children’s Tax Credit. Payment depends on a claimant’s annual income. WTC incorporates the child element of means-tested LA or ESA. Timberline report: Creative Citizen, the Basic Income Earth Network – formerly the Basic Income Bulletin

2005 Civil partnerships introduced

2006 Universal Credit replaces Mobility Allowance and Attendance Allowance. UC work allowances reduced and restricted. Benefits Agency established

2007 The House of Commons Work and Pensions Committee recommends that a Universal Basic Income (UBI) should be considered as an alternative to the current benefits system

2009 - 2018 POST CRISIS AUSTERITY CUTS

‘There is nothing fair or moral about a system that traps families into a life dependent on benefits’ – Margaret Thatcher


2011 Local Housing Allowance cap introduced. WTC payments for childcare reduced to 70% of costs. Work-related activity is work-related activity.

2012 Disability Working Allowance introduced. WTC payments for childcare reduced to 70% of costs. Work-related activity is work-related activity.

2014 Child Benefit tax charge: 1% of Child Benefit for each child on Income Tax Band £100,000 and £110,000 for anyone living in a household receiving Child Benefit. Child Benefit remains in principle universal, but more people than expected have ceased to claim it, thus not compensating its universality. Couples with children must work 24hrs/week to receive WTC. 12 month limit for claiming conditioning ESA. Households earning over £41,300 disqualified from WTC.

2013 Universal Credit (UC) (Welfare Reform Act 2012) phase in begins, replacing Income Support, ESA, JSA, Housing Benefit, and WTC with single monthly payment in all areas. Universal credit: the single benefit available to claimants in receipt of multiple benefits. UC contracts out: 70% of incapacity benefit jobs copped for out-of-work-age households, and all-party support for overall cap on social security spending resulting in around 18% of households being ‘in poverty’ (under 60%). Non-compliance with ‘claimant commitment’ results in no-receipt of benefit for up to 3 years. Shared work: a new ‘income’ tax. Grants abolished; funds devolved to Local Authorities. Universal Portability Payments (UP) involving face-to-face interviews. Households benefit capped for out-of-work-age households, and all-party support for overall cap on social security spending resulting in around 18% of households being ‘in poverty’ (under 60%).

2014 Scottot races to remain as part of the UK. Plaid Cymru vote to keep them as a separate nation, although waiting times criticised. 4% more people finding work under UC than JSA, early reports suggest.

2015 EU migrants must start work before claiming UC

2016 UC in every job centre in the UK. Lower Benefit cap reduced from 0.25% of £20,000 to 0.20% in Greater London. PIP reformed to be less generous with ‘daily living’ allowances: claimants can claim back 85% of childcare costs (up to 70%) once they start work. Universal Credit work allowances reduced and restricted.

2017 UC work search by partners of claimants. Introduction of Single-tier State Pension, which raises the state pension to the level previously guaranteed by Pension Credit. UC work allowances reduced and restricted. UK votes to leave the EU. Scotland votes to remain in the EU

2017 UC family are contract out of UC work allowances reduced from 6 weeks to 5, and the gap between Housing Benefit and UC reduced to 4 weeks. CTC and child related elements for new claimants. UC taper rate reduced from 65p to 63p to encourage employment. £15,000 increase in work grants for people with disabilities

RESOURCES

THE CITIZEN’S BASIC INCOME TRUST’S PUBLICATIONS, BULLETINS AND NEWSLETTERS

The website, www.citizensincome.org

The Trust’s website at www.citizensincome.org contains a substantial amount of free information on social security issues, news, research and analysis, opinion, publications, and book reviews, and there is a list of frequently asked questions.

The Citizen’s Basic Income Trust


All editions are on the ‘publications’ page of the website.

The monthly update

Once a month the Citizen’s Basic Income Trust publishes an email update, containing recent news, book reviews, and other articles. Please sign up to receive the update on the home page of the website.

A SHORT LIST OF TITLES FROM OTHER PUBLISHERS

Amy Downes and Stewart Lansley (eds.) It’s Basic Income, Policy Press, 2018

Annie Miller, A Basic Income Handbook, Lutah Press, 2017


Howard Reed and Stewart Lansley, Universal Basic Income: An idea whose time has come? Compass, 2016

Guy Standing, Basic Income: And how we can make it happen, Pelican, 2017


Reviews of numerous relevant books can be found on the ‘books’ page of the website

The international journal, Basic Income Studies, is available at https://www.degruyter.com/view/j/bis

OTHER ORGANISATIONS

BIEN (the Basic Income Earth Network – formerly the Basic Income European Network), www.basicincome.org

Basic Income UK, www.basicincome.org.uk
4 An Illustrative CBI Scheme

This illustrative scheme retains the means-tested benefits system and recalculates benefits based on CBI receipt and the fiscal impact of the scheme described in a strictly revenue-neutral: that is, it assumes that no additional revenue from outside the Income Tax, National Insurance Contributions and benefits system will be available. The funding will be derived from:

1. Far fewer households receiving means-tested benefits, and claims being of lower amounts
2. Reductions in Income Tax Personal Allowances and a slight increase in Income Tax rates.
3. National Insurance Contribution (NIC) lower limit would be removed; and NIC rates would be equalised at 12% of all earnings

If additional revenue were to be available then higher CBIs could be paid.

Table 1: The feasibility of a Citizen’s Basic Income scheme with the working age adult receiving a CBI of £53 per week

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child Benefit</td>
<td>£20</td>
</tr>
<tr>
<td>Incomes Tax rate increase</td>
<td>3%</td>
</tr>
<tr>
<td>Income Tax, basic rate (from £100)</td>
<td>£23</td>
</tr>
<tr>
<td>Income Tax, higher rate (on £43,000–150,000)</td>
<td>£43</td>
</tr>
<tr>
<td>Income Tax, top rate (on £150,000+)</td>
<td>£83</td>
</tr>
<tr>
<td>Proportion of households experiencing losses of over 10% at the time of implementation</td>
<td>1.6%</td>
</tr>
<tr>
<td>Proportion of households experiencing losses of over 5% at the time of implementation</td>
<td>2.7%</td>
</tr>
<tr>
<td>Proportion of households experiencing losses of up to 5% at the time of implementation</td>
<td>9.8%</td>
</tr>
<tr>
<td>Net cost of scheme per person</td>
<td>£0.12</td>
</tr>
</tbody>
</table>

This scheme is strictly revenue neutral, requires an increase in Income Tax rates of only 3%, and imposes negligible losses on low-income households at the point of implementation.

5 The effect on means-tested benefits

Fewer households would need in-work and out-of-work means-tested benefits, and the value of each claim would fall.

Table 2: Percentage of households claiming means-tested benefits for the existing scheme in 2017 and for the illustrative scheme, and resulting changes in costs

<table>
<thead>
<tr>
<th>Category</th>
<th>Existing scheme 2017</th>
<th>Illustrative scheme 2017</th>
<th>Reduction in basic cost</th>
<th>Reduction in total cost</th>
<th>Net cost of scheme per person</th>
</tr>
</thead>
<tbody>
<tr>
<td>Out of work benefits</td>
<td>33.0%</td>
<td>23.1%</td>
<td>25.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>In-work benefits</td>
<td>13.1%</td>
<td>15.2%</td>
<td>18.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pension Benefit</td>
<td>6.2%</td>
<td>5.7%</td>
<td>8.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing Benefit</td>
<td>16.4%</td>
<td>16.2%</td>
<td>3.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jobseeker’s Benefit</td>
<td>21.0%</td>
<td>20.1%</td>
<td>30.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unemployment benefit</td>
<td>33.2%</td>
<td>30.9%</td>
<td>67.8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jobseeker’s Allowance</td>
<td>34.0%</td>
<td>30.7%</td>
<td>15.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Child Benefit</td>
<td>12.0%</td>
<td>11.4%</td>
<td>9.2%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

6 The effect on inequality and poverty

One of the advantages of Citizen’s Basic Income (CBI) is that it could reduce inequality and poverty. The illustrative scheme described here could substantially reduce inequality and poverty.

Table 3: Changes in poverty indices

<table>
<thead>
<tr>
<th>Category</th>
<th>Existing scheme 2017</th>
<th>Illustrative scheme 2017</th>
<th>Reduction in basic cost</th>
<th>Reduction in total cost</th>
<th>Net cost of scheme per person</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children in poverty</td>
<td>12.0%</td>
<td>8.4%</td>
<td>27.8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Working age adults in poverty</td>
<td>12.6%</td>
<td>9.0%</td>
<td>30.1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Elderly in poverty</td>
<td>11.3%</td>
<td>9.1%</td>
<td>11.4%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The graph shows that the scheme would redistribute from rich to poor households, with the ‘squeezed middle’ seeing a significant average increase in disposable income. A measure of inequality impact, the Gini Co-efficient, would also improve, from 0.30 to 0.27.

7 The effect on a typical household

There is no such thing as a typical household, but it might still be helpful to see how one particular kind of household might be affected if a Citizen’s Basic Income were to be implemented. If the households represented by the tables below had been on Tax Credits, then they would have gained £20.39 per week; and if they had been on Universal Credit they would have gained £5.58 per week. In either case, the household would be much closer to escaping from means-testing than it is now.

Table 5: Net income for a couple with one earner (earning £20,000 p.a.), two children, and a rent of £120 p.w., both for the Tax Credits and Universal Credit systems

<table>
<thead>
<tr>
<th>Category</th>
<th>Existing scheme 2017</th>
<th>Universal Credit 2017</th>
<th>Reduction in basic cost</th>
<th>Reduction in total cost</th>
<th>Net cost of scheme per person</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child Tax Credit (No Working Tax Credit)</td>
<td>34.1%</td>
<td>50.0%</td>
<td>128.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Child Benefit</td>
<td>74.40</td>
<td>74.40</td>
<td>74.40</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Universal Credit</td>
<td>157.61</td>
<td>157.61</td>
<td>157.61</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weekly Income</td>
<td>£503.00</td>
<td>£543.67</td>
<td>£543.67</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

8 Housing Costs

The illustrative CBI scheme does not pretend to solve the housing problems, which will require Housing Benefit to be retained in its current form. Housing provision and housing-related benefits need to be reformed, and they need to be tackled as a separate issue.

Additionally, Housing Benefit is usually paid on a household basis, whereas it is fundamental to a Citizen’s Basic Income that it is paid on the basis of the individual. Similarly, Council Tax Support is retained. This is now locally regulated as well as funded.

9 Implementation Methods

There are several options for implementing a CBI scheme:

All at once: Every individual would receive their CBI, means-tested benefits would be abolished or recalculated. Income Tax Personal Allowances would be reduced or abolished; and adjustments would be made to National Insurance Contributions (NIC). One age group at a time: The process could begin by turning Child Benefit into a genuine Child CBI by equating the amount paid for all children. Secondly, the new Single Tier Pensioner Credit would be turned into a Citizen’s Pension by removing the link with NIC records. Thirdly, a PrestonCBI could be given to individuals over the age of 50. Fourthly, a Young Adult CBI could be implemented. Finally, a CBI for working age adults would fill the gap in the middle.

An evolutionary approach: This approach too would start by applying the Child CBI and Citizen’s Pension. Then would come a Young Adult CBI. However, as each cohort of young adults grew older they would retain their CBIs and would not receive Income Tax Personal Allowances. By this method, it would take about fifty years to complete the process. This would be a relatively easy way to achieve the transition from our current tax and benefits system to one of a Citizen’s Basic Income. A voluntary approach: Once a Child CBI, Citizen’s Pension, and Young Adult CBI had been established, individuals could be invited to swap their Income Tax Personal Allowances for CBIs.

The Citizen’s Basic Income Trust

The immediate reaction of most people when introduced to the idea of a Citizen’s Basic Income is one of incredulity. It sounds too good to be true. The Basic Income Research Group was set up in 1984 to promote debate on the feasibility and desirability of a Citizen’s Basic Income. (BIRG was renamed the Citizen’s Basic Income Trust in 1992, and the Citizen’s Basic Income Trust in 2017). The Citizen’s Basic Income Trust is not a pressure group, nor is it aligned to any political party. It publishes a regular Newsletter, maintains a website and a library, responds to requests for information, and undertakes research projects directly related to its aims. The Trust is affiliated to BIEN which it helped to establish. The Citizen’s Basic Income Trust is a Charitable Incorporated Organisation (registered charity, no. 1171533), and it has a website at www.citizensincome.org.

How you can help

Please go to our website at www.citizensincome.org to sign up for our newsletter, or to our website, or to offer help in other ways.

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Thank you to James Rollis for assistance with updating this post.